Registered number: 06182287

ENGIE PROPERTY SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2018

ENGIE PROPERTY SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS	S Pinnell M Smithurst N Lovett
COMPANY SECRETARY	S Gregory
REGISTERED NUMBER	06182287
REGISTERED OFFICE	ENGIE Q3 Office Quorum Business Park Benton Lane Newcastle-upon-Tyne Tyne and Wear NE12 8EX
INDEPENDENT AUDITOR	Ernst & Young LLP Citygate St James' Boulevard Newcastle-upon-Tyne NE1 4JD

ENGIE PROPERTY SERVICES LIMITED

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STRATEGIC REPORT
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2018

INTRODUCTION

The Directors present their strategic report for the 15 month period ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of ENGIE Property Services Limited ("the Company") is the provision of community regeneration and planned and responsive maintenance, as well as new build developments within the housing and education sectors.

The key regeneration business is mainly in the public sector. Services include the refurbishment of social housing such as planned maintenance and capital works, new build social housing for rent, new build elderly accommodation and new build public buildings, refurbishment and extension of educational facilities.

The Company changed its accounting reference date from 30 September to 31 December to align with its ultimate parent company and, consequently, these financial statements have been prepared for the 15 month period ended 31 December 2018.

The Company's immediate parent company is ENGIE Regeneration Limited. The parent company of ENGIE Regeneration Limited is ENGIE Regeneration Holdings Limited.

REVIEW OF BUSINESS

ENGIE Regeneration Limited, (which together with its subsidiaries forms "the Regeneration group"), is a national market leader in sustainable community regeneration and planned and responsive repairs to the UK housing stock. It has a strong and extensive track record in social housing solutions and the financial strength and capability to deliver on a national scale.

The Regeneration group specialises in creating great places to live, work and play. The Regeneration group aim to create communities, not just buildings, and its work has already touched the lives of millions of people across the UK. The specific areas of expertise include new build homes, community regeneration, planned maintenance, retirement solutions, education and sustainability.

The Regeneration group continues to provide ENGIE with increased geographic presence and a platform for growth and profitability within the Places and Communities Sector, illustrated by further investment into Northern Ireland and additional market opportunities with new clients in the north of the UK. This allows the group to offer new products to the market such as 'Older Persons' housing, Student Accommodation and Private Rental Schemes. Combining the services offered by ENGIE, the Regeneration business continues to benefit from revenue related synergies through insourcing activity historically delivered by third parties.

The Directors have agreed with ENGIE Regeneration Limited that the Company will not, in future, seek housing regeneration contracts to replace existing contracts when they come to an end. Instead ENGIE Regeneration Limited will be the principal contracting entity for housing regeneration contracts.

Turnover decreased by 39% to £15.0m for the 15 month period ended 31 December 2018 *(18 month period ended 30 September 2017: £24.6m)*, with an operating profit of £0.3m *(18 month period ended 30 September 2017: £1.7m)*. This decline in revenue reflects the continued decline of the business as contracts come to an end and new contracts are entered into in ENGIE Regeneration Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

This section sets out a description of the principal risks and uncertainties that could have a material impact on the Company's strategy, performance, results, financial condition and reputation.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Government funding risk

Material elements of the Company's revenue is secured directly or indirectly from various central and local Government funding strategies. Significant policy changes could impact on the sustainability of elements of revenue as sources of funding to support specific project types change. As a result, the Company's sales pipeline is susceptible to changes in Government policy. Government policy is routinely monitored and communicated to management. The Company actively participates in industry consultation processes. Strong end-client relationships result in a partnership approach to determining future volumes of work providing high levels of forward visibility of future revenue. Management regularly assess future funding risk through analysis of the pipeline of future work, and flex the scale of infrastructure accordingly. The scale and diversification of the business removes dependency on any single funding source.

Health and safety risk

The safety and well-being of sub-contractors and members of the public is of critical importance to the Company. Inadequate health and safety procedures could lead to injury or death, operational failure and possible significant compensation payments and fines. The Company has implemented a comprehensive safety strategy, which includes bringing safety to the forefront of our culture, measuring safety performance, strong risk management procedures and audits of compliance with these procedures.

The ability to provide adequate security to customers

The Company is now part of the ENGIE group and consequently has access to the ENGIE group's corporate credit facilities and the ability to utilise the strength of ENGIE's subsidiaries' balance sheets for parent company guarantee purposes.

Financial irregularity risk and liquidity risk

The cash flow requirements of the Company's contracts can be very different and availability of short-term liquidity is critical to the company's ability to grow and deliver successful projects on behalf of clients. A lack of short term liquidity could impact upon the Company's ability to pay sub-contractor and material suppliers resulting in a failure to deliver projects. The Company maintains strong financial discipline. Cash generation is monitored by robust budgeting, forecasting and cash management disciplines. The Company is now part of the ENGIE group and has the benefit of its credit worthiness and the ability to access corporate credit facilities. It has access to these facilities through loans from ENGIE group companies.

Sustainability

The purpose of the group is to improve lives through better living and working environments. The group recognises that a successful organisation is one that not only benefits itself but one that can demonstrate how it also benefits society and the environment.

The challenge is not something the group can achieve alone and only with the support of suppliers, communities and wider stakeholders will the company be able to succeed. The group's vision is to lead the way in innovative services and sustainable energy solutions for its chosen markets. ENGIE is committed to the responsible growth of its businesses in response to the central challenges of the energy transition, combating climate change and making responsible use of natural resources.

Within 'Our Future Plan' the group has challenging targets to help it continually improve its social and environmental performance. The Company is aligned with the International Sustainable Development Goals (SDGs) in helping to tackle the most serious issues facing both people and the planet whilst shaping its long term strategy.

STRATEGIC REPORT (CONTINUED)
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2018

FINANCIAL KEY PERFORMANCE INDICATORS

The Company has participated in a review of key performance indicators relevant to the Company's performance and prospects. These are as follows:

Turnover

The Company's turnover for the 15 month period ended 31 December 2018 totals £15.0m *(18 month period ended 30 September 2017: £24.6m)*, a decrease of £9.6m (39%) on the previous period.

Operating profit

The Company's operating profit for the 15 month period ended 31 December 2018 totals £0.3m *(18 month period ended 30 September 2017: £1.7m)*, a decrease of £1.4m on the previous period.

Net assets

The Company's net assets at the period end stand at £1.8m *(2017: £1.5m)*, an increase of £0.3m on the previous period. This increase is a result of the Company's profit for the financial period.

GOING CONCERN

The Directors have considered the Company's current and future prospects and its availability of financing from within the ENGIE group and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis of preparation for these financial statements.

This report was approved by the Board on 25 September 2019 and signed on its behalf.

S Pinnell
Director

DIRECTORS' REPORT
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2018

The Directors present their report and the audited financial statements for the 15 month period ended 31 December 2018.

RESULTS AND DIVIDENDS

The profit for the 15 month period, after taxation, amounted to £289,000 *(18 month period ended 30 September 2017: £1,327,000).*

The Directors do not recommend the payment of a dividend for the 15 month period ended 31 December 2018 *(18 month period ended 30 September 2017: £nil).*

DIRECTORS

The Directors who served during the 15 month period and up to the date of signing the financial statements were:

W Petrie (resigned 1 May 2019)
S Pinnell (appointed 1 January 2018)
D Sheridan (resigned 30 September 2018)
M Smithurst (appointed 1 October 2018)
W Taylor (resigned 1 January 2018)
D Westmoreland (appointed 30 April 2017; resigned 1 January 2018)
N Lovett (appointed 1 May 2019)

FUTURE DEVELOPMENTS

A review of the results, performance and future developments for the Company is presented in the Strategic Report.

FINANCIAL INSTRUMENTS

The Company monitors its exposure to risk on an ongoing basis. The Company's activities do not expose it to any material price risk, cash flow risk or foreign exchange risk. Owing to the nature of the Company's business and the assets and liabilities contained within the balance sheet, the financial risks the Directors consider relevant to the Company are credit risk and liquidity risk. The Company has not used financial instruments to manage its exposure to these risks.

Credit risk

Credit risk arises on the Company's principal financial assets, which are cash at bank, trade debtors, amounts recoverable on contracts and amounts owed by group undertakings. The credit risk associated with cash is limited, as the Company uses financial institutions with a high credit rating for banking requirements. All customers are credit checked prior to any sales and only customers with an appropriate credit rating are offered credit terms. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers. The credit risk on amounts owed by group undertakings is not considered to be significant, given the group's strong credit rating.

Liquidity risk

The Company is exposed to liquidity risk on its financial liabilities, including trade creditors and amounts owed to group undertakings. In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments, the Company has access to banking facilities and loans from group companies.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

INDEPENDENT AUDITOR

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 25 September 2019 and signed on its behalf.

S Pinnell
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2018

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGIE PROPERTY SERVICES LIMITED

Opinion

We have audited the financial statements of ENGIE Property Services Limited for the period ended 31 December 2018 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Caroline Mulley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
26 September 2019

INCOME STATEMENT
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2018

	Note	15 months ended 31 December 2018 £000	*18 months ended 30 September 2017 £000*
Turnover	4	**15,020**	*24,622*
Cost of sales		**(13,549)**	*(21,656)*
Gross profit		**1,471**	*2,966*
Administrative expenses		**(1,127)**	*(1,217)*
Operating profit	5	**344**	*1,749*
Other finance costs	6	**(3)**	*(2)*
Profit before tax		**341**	*1,747*
Tax on profit	7	**(52)**	*(420)*
Profit for the financial period		**289**	*1,327*

The notes on pages 14 to 30 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2018

	Note	**15 months ended 31 December 2018 £000**	*18 months ended 30 September 2017 £000*
Profit for the financial period		**289**	*1,327*
Other comprehensive loss:			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit schemes	17	**25**	*(2)*
Movement of deferred tax relating to pension (deficit)/surplus	12	**(4)**	*1*
		21	*(1)*
Total comprehensive income for the period		**310**	*1,326*

The notes on pages 14 to 30 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £000	*30 September 2017 £000*
Current assets			
Debtors	8	**6,871**	*14,818*
Cash at bank and in hand		**1**	*1*
		6,872	*14,819*
Creditors: amounts falling due within one year	9	**(4,976)**	*(13,192)*
Net current assets		**1,896**	*1,627*
Total assets less current liabilities		**1,896**	*1,627*
Creditors: amounts falling due after more than one year	10	**(1)**	*(1)*
		1,895	*1,626*
Provisions for liabilities			
Other provisions	13	**-**	*(33)*
Net assets excluding pension liability		**1,895**	*1,593*
Pension liability	17	**(61)**	*(69)*
Net assets		**1,834**	*1,524*
Capital and reserves			
Called up share capital	14	**3,000**	*3,000*
Share premium account	15	**125**	*125*
Profit and loss account	15	**(1,291)**	*(1,601)*
Total equity		**1,834**	*1,524*

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 25 September 2019.

S Pinnell
Director

The notes on pages 14 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2016	**3,000**	**125**	**(2,927)**	**198**
Comprehensive income for the 18 month period				
Profit for the 18 month period	-	-	1,327	1,327
Actuarial loss on pension scheme including deferred tax	-	-	(1)	(1)
Other comprehensive loss for the 18 month period	-	-	(1)	(1)
Total comprehensive income for the 18 month period	-	-	1,326	1,326
At 1 October 2017	**3,000**	**125**	**(1,601)**	**1,524**
Comprehensive income for the 15 month period				
Profit for the 15 month period	-	-	289	289
Actuarial gain on pension scheme	-	-	25	25
Deferred tax movements	-	-	(4)	(4)
Total comprehensive income for the 15 month period	-	-	310	310
At 31 December 2018	**3,000**	**125**	**(1,291)**	**1,834**

The notes on pages 14 to 30 form part of these financial statements.

1. GENERAL INFORMATION

The financial statements of ENGIE Property Services Limited for the 15 month period ended 31 December 2018 were authorised for issue by the Board of Directors on 25 September 2019 and the statement of financial position was signed on the Board's behalf by S Pinnell.

The Company is a private limited liability company, incorporated and domiciled in the United Kingdom. The address of its registered office is ENGIE Q3 Office, Quorum Business Park, Benton Lane, Newcastle-upon-Tyne, Tyne and Wear, NE12 8EX.

The results of the Company are included in the consolidated financial statements of ENGIE S.A., which are available from ENGIE, 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, France.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The functional and presentation currency of the Company is Pounds Sterling ("£") and all values in these financial statements are rounded to the nearest thousand pounds ("£'000") except when otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial period beginning on or after 1 October 2017, have had a material impact on the Company.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not effective for an accounting period that begins on or after 1 October 2017.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and have not yet been applied in preparing these financial statements. These include IFRS 9 '*Financial Instruments*', IFRS 15 '*Revenue from Contracts with Customers*' and IFRS 16 '*Leases*' and are not expected to have a significant effect on the financial statements of the Company.

The following principal accounting policies have been applied:

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The Directors have considered the Company's current and future prospects and its availability of financing from within the ENGIE group and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the Directors continue to adopt the going concern basis of preparation for these financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue (continued)

Construction contracts

Revenue on construction contracts represents the fair value of work done and excludes value added tax and trade discounts. Once the outcome of a construction contract can be estimated reliably, margin is recognised in the income statement on a stage of contract completion basis by reference to management's estimate of total forecast value less total forecast costs based on the proportion of total costs incurred to date on the contract as a whole. Provision is made in full for any potential loss on construction contracts as soon as such losses become apparent.

Claims on customers or third parties for variations to the original contract are recognised in the income statement once entitlement to the claim has been established. Claims by customers or third parties in respect of work carried out are recognised in the income statement once the obligation to transfer economic benefit has become probable.

On the statement of financial position, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings and a contract represents a liability where the opposite is the case.

Service contracts

Revenue and profit on short term contracts is recognised when the contracts have been completed.

2.5 Long-term contracts

Long-term contract balances are included in the statement of financial position at the value of revenue less the value of progress payments certified and receivable. The value of progress payments not yet certified is treated as receivable in respect of work completed, or measurable parts thereof, and is stated after making allowance for irrecoverable amounts. Where revenue exceeds progress payments the net balance is included in debtors as amounts recoverable on contracts and where progress payments exceed revenue the net balance is included in current liabilities as payments on account.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, plus transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Financial instruments (continued)

or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

2.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Pensions

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Pensions (continued)

the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'actuarial (loss)/gain on defined benefit schemes'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'other finance costs'.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Provisions for liabilities (continued)

and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.13 Taxation

The tax for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for income and costs during the year. However, the nature of estimation means the actual outcomes could differ from those estimates.

The following judgments, estimates and assumptions have had the most significant effect on amounts recognised in the financial statements:

Estimation of costs to complete and contract provisions

In order to determine the profit and loss that the Company is able to recognise on its developments and construction contracts in a specific period, the Company has to allocate total costs to the developments and construction contracts between the proportion completing in the period and proportion to complete in a future period. The assessment of total costs to be incurred requires a degree of estimation. However, management has established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis.

Recovery of trade debtors and amounts recoverable on contracts

The Company makes an estimate of the recoverable value of trade and other debtors and amounts

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

recoverable on contracts. When assessing impairment of trade and other debtors and amounts recoverable on contracts, management considers factors including credit rating of the customer, the ageing profile of the receivable and historical experience.

Provisions and accruals for liabilities

Management estimation is required to determine the appropriate amounts of provisions (including provisions for bad and doubtful debts), customer rebates and accruals for certain administrative expenses. The judgments, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Pension and other post-employment benefits

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables and future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 17.

4. TURNOVER

All turnover arose within the United Kingdom from the Company's principal activity, which is from community regeneration, planned and responsive maintenance and new build developments within the housing and education sectors.

5. OPERATING PROFIT

The operating profit is stated after charging:

	15 months ended 31 December 2018 £000	*18 months ended 30 September 2017 £000*
Defined benefit pension cost	**23**	*12*
Operating leases - minimum lease payments	**283**	*529*
Provision charge	**-**	*12*

5. OPERATING PROFIT (CONTINUED)

Following the acquisition of the company by ENGIE Services Holding UK Limited, the emoluments of the remaining Directors were paid by other group companies, where they were employed, in respect of their services to group companies. The Directors' services to this Company do not occupy a significant amount of time and consequently the Directors do not feel that they have received any remuneration for their incidental services to this Company for the period.

The fees payable to the Company's auditor for the audit of the annual financial statements of the Company, amounting to £18,000 *(18 month period ended 30 September 2017: £20,000)*, have been borne by a fellow group undertaking, ENGIE Regeneration Limited and are recharged to the Company as part of a wider annual management charge.

6. OTHER FINANCE COSTS

	15 months ended 31 December 2018 £000	*18 months ended 30 September 2017 £000*
Net interest on net defined benefit liability	**(3)**	*(2)*

7. TAXATION

	15 months ended 31 December 2018 £000	*18 months ended 30 September 2017 £000*
CORPORATION TAX		
Current tax on profit for the period	64	*125*
Adjustments in respect of previous periods	2	*207*
	66	*332*
TOTAL CURRENT TAX	66	*332*
DEFERRED TAX		
Origination and reversal of timing differences	4	*15*
Changes to tax rates	-	*11*
Adjustments in respect of previous periods	(18)	*62*
TOTAL DEFERRED TAX	(14)	*88*
TAX ON PROFIT	52	*420*

7. TAXATION (CONTINUED)

FACTORS AFFECTING TAX EXPENSE FOR THE PERIOD

The tax assessed for the period is lower than *(18 month period ended 30 September 2017: higher than)* the standard rate of corporation tax in the UK of 19.00% *(18 month period ended 30 September 2017: 19.67%)*. The differences are explained below:

	15 months ended 31 December 2018 £000	*18 months ended 30 September 2017 £000*
Profit before tax	**341**	*1,747*
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (18 month period ended 30 September 2017: 19.67%)	**65**	*344*
EFFECTS OF:		
Adjustments to tax in respect of previous periods	**(16)**	*269*
FRS 17 pension adjustment	**-**	*1*
Changes in tax rates	**-**	*8*
Group relief not paid for	**-**	*(278)*
Transfer pricing adjustments	**3**	*76*
TOTAL TAX EXPENSE FOR THE PERIOD	**52**	*420*

FACTORS THAT MAY AFFECT FUTURE TAX EXPENSES

The tax rate for the current period is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance (No. 2) Act 2015 (on 26 October 2015) and the Finance Act 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. This will reduce the Company's tax expenses accordingly.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8. DEBTORS

	31 December 2018 £000	*30 September 2017 £000*
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	**22**	*12*
	22	*12*
DUE WITHIN ONE YEAR		
Trade debtors	**784**	*1,618*
Amounts owed by group undertakings	**5,350**	*12,698*
Amounts recoverable on long term contracts	**715**	*490*
	6,871	*14,818*

9. CREDITORS: Amounts falling due within one year

	31 December 2018 £000	*30 September 2017 £000*
Payments received on account	**120**	*178*
Trade creditors	**544**	*601*
Amounts owed to group undertakings	**3,770**	*11,018*
Corporation tax	**66**	*-*
Group relief payable	**125**	*125*
Other taxation and social security	**108**	*190*
Accruals	**243**	*1,080*
	4,976	*13,192*

Amounts owed to group undertakings are unsecured and interest free.

10. CREDITORS: Amounts falling due after more than one year

	31 December 2018 £000	*30 September 2017 £000*
Trade creditors	**1**	*1*

11. FINANCIAL INSTRUMENTS

	31 December 2018 £000	*30 September 2017 £000*
FINANCIAL ASSETS		
Financial assets measured at amortised cost	**6,169**	*8,071*
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	**(4,592)**	*(18,945)*

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

12. DEFERRED TAXATION

	31 December 2018 £000	*30 September 2017 £000*
At beginning of period	**12**	*100*
Credited/(charged) to the income statement	**14**	*(87)*
Charged to other comprehensive income	**(4)**	*(1)*
AT END OF PERIOD	**22**	*12*

12. DEFERRED TAXATION (CONTINUED)

The deferred tax asset is made up as follows:

	31 December 2018 £000	30 September 2017 £000
Depreciation in advance of capital allowances	12	(1)
Other timing differences	10	13
	22	12

13. PROVISIONS

	Dilapidations £000
At 1 October 2017	33
Liability transferred to another group entity	(33)
AT 31 DECEMBER 2018	-

The dilapidations provision covered all of the Company's leased estate and was transferred to another group entity during the year.

14. CALLED UP SHARE CAPITAL

	31 December 2018 £000	30 September 2017 £000
Allotted, called up and fully paid		
3,000,101 Ordinary shares of £1 each	3,000	3,000

15. RESERVES

Share premium account

The share premium account relates to the amount above nominal value received for shares issued.

Profit and loss account

The profit and loss account records the cumulative amount of realised profits and losses less any distributions of dividends.

16. CONTINGENT LIABILITIES

The Company enters into performance guarantees in the normal course of business. At 31 December 2018 amounts outstanding under these guarantees amounted to £3,800 *(18 month period ended 30 September 2017: £nil)*.

The Company has provided certain banking cross guarantees to fellow group companies.

17. PENSION COMMITMENTS

The Company operates a defined benefit pension scheme.

The Company is a member of a multi-employer scheme namely the West Yorkshire Local Government Pension Scheme ("West Yorkshire LGPS"). The assets of the scheme are held in independently administered funds and have been accounted for as defined benefit obligations. The Company is responsible for funding the pension benefits for its employees only.

The most recent full actuarial valuation of the multi-employer scheme was at 31 March 2016 and this has been updated to 31 December 2018 by qualified independent actuaries.

Reconciliation of net defined benefit liability:

	15 months ended 31 December 2018 £000	*18 months ended 30 September 2017 £000*
RECONCILIATION OF NET DEFINED BENEFIT LIABILITY		
At the beginning of the period	**69**	*61*
Current service cost	**23**	*12*
Interest income	**(11)**	*(7)*
Interest cost	**14**	*9*
Actuarial (gains)/losses	**(25)**	*2*
Employer contributions	**(9)**	*(8)*
AT THE END OF THE PERIOD	**61**	*69*

The amounts recognised in the statement of financial position at the end of the period were as follows:

	31 December 2018 £000	*30 September 2017 £000*
Fair value of plan assets	**250**	*228*
Present value of plan liabilities	**(311)**	*(297)*
NET PENSION SCHEME LIABILITY	**(61)**	*(69)*

17. PENSION COMMITMENTS (CONTINUED)

The amounts recognised in the income statement were as follows:

	31 December 2018 £000	*30 September 2017 £000*
Current service cost	**(23)**	*(12)*
Net interest cost on net pension liability	**(3)**	*(2)*
TOTAL	**26**	*14*

Reconciliation of the present value of plan liabilities were as follow:

	31 December 2018 £000	*30 September 2017 £000*
Opening defined benefit obligation	**(297)**	*(242)*
Current service cost	**(23)**	*(12)*
Interest cost	**(14)**	*(9)*
Actuarial losses	**27**	*(31)*
Member contributions	**(4)**	*(3)*
CLOSING DEFINED BENEFIT OBLIGATION	**(311)**	*(297)*

Reconciliation of fair value of plan assets were as follows:

	31 December 2018 £000	*30 September 2017 £000*
Opening fair value of scheme assets	**228**	*181*
Interest income on plan assets	**11**	*7*
Contributions by employer	**9**	*8*
Actuarial gains	**(2)**	*29*
Member contributions	**4**	*3*
	250	*228*

The pension scheme has not invested in any of the ENGIE group's own financial instruments nor in the properties or other assets used by the ENGIE group.

17. PENSION COMMITMENTS (CONTINUED)

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	31 December 2018 %	*30 September 2017 %*
Discount rate	**2.9**	*2.5*
Future salary increases	**3.4**	*3.3*
Future pension increases	**2.1**	*2.0*
Mortality rates		
- for a male aged 65 now	**22.1**	*22.1*
- at 65 for a male aged 45 now	**23.1**	*23.7*
- for a female aged 65 now	**25.3**	*25.2*
- at 65 for a female member aged 45 now	**27.1**	*27.0*

18. CONTROLLING PARTY

The immediate parent company of ENGIE Property Services Limited is ENGIE Regeneration Limited, a company registered in England and Wales. The Directors regard ENGIE S.A. as the ultimate parent company and controlling party of ENGIE Property Services Limited. ENGIE S.A. is registered in France.

The parent undertaking of the largest group which includes the Company for which consolidated financial statements are prepared is ENGIE S.A. The parent undertaking of the smallest group to prepare consolidated financial statements, which include the Company, is ENGIE Regeneration Limited.

Copies of the group's consolidated financial statements may be obtained from ENGIE, 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris La Défense, France.